PARKER PRINS LEBANO

Chartered Accountants
Professional Corporation

As we enter into the 2009 holiday season and prepare to begin a new year, we would like to take this opportunity to update you on a few topics…

Home Renovation Tax Credit (effective January 28, 2009 to January 31, 2010)

Due to the heavy media coverage of this new credit, we have received many questions and comments regarding the logistics of how the credit will be calculated, the paperwork that will be necessary as well as the nature of eligible expenses. We recommend that you take a look at www.cra.gc.ca/hrtc should you have any specific questions or call us to confirm. Because the credit is new and the information has been evolving as taxpayers present scenarios and questions, the details continue to be updated. One aspect in particular that has been clarified is that the costs can be on a home **AND/OR** a cottage property (CRA's bulletin states "principal residence" however they have clarified that a cottage could apply). We recommend that you summarize your costs and include your receipts for our temporary retention should CRA audit these costs. We anticipate that these costs will be subject to a high incidence of review by CRA subsequent to tax season in an attempt to trace unreported income by suppliers/contractors. For your assistance, we have attached the form provided by CRA as a tool to organize your expenses.

If you are still planning on doing some upgrades to take advantage of this credit, you may first wish to check to see if your expenses may qualify for a more valuable grant under the Ontario Home Energy Savings Program. Please see www.homeenergyontario.ca as soon as possible for more information or contact us to discuss.

First Time Home Buyers' Tax Credit

This is a new non-refundable tax credit (maximum tax value $750) for first time home buyers who acquire a qualifying home after January 27, 2009. To qualify, you must not have owned a home in the preceding four calendar years OR the home must be for the benefit of a family member with a disability. Please call us for more details if you think this might be applicable to your situation.

Calling All Snowbirds…

If you spend more than 122 days per year in the US or do any business there (including property rentals), there may be filing requirements of which you are currently not aware. Please let us know if you feel this might be an issue for you.

Do You Have a Foreign Pension (or other Foreign Income)?

As a resident of Canada for tax purposes, you are required to report your worldwide income on your personal tax return. The CRA is currently signing agreements with several more treaty countries to share access to income information. Failure to report such income could result in heavy penalties, however the good news is that the voluntary disclosures program is available to avoid penalties **IF** the disclosure is made prior to the CRA discovering the unreported income. Therefore, if you are receiving pension or other foreign income of which we are not currently aware, please discuss with us ASAP.

1796 Courtwood Crescent Ottawa, Ontario K2C 2B5
Tel: (613) 727-7474 • Fax (613) 727-3715 • www.parkerprinslebano.com

Tax Loss/Gain Selling

The drop in the markets late in 2008 resulted in many capital losses in that year which we were able to carry back to prior gain years or carry forward for future use. Please let us know if you have any unrealized gains or losses in your non-registered portfolios as there may be opportunities to tax plan. Of course, these issues should be discussed with your investment advisor prior to making any decisions. We also caution you that losses can be denied if the same or similar security is purchased within 30 days prior and 30 days subsequent to the loss sale.

Have You Purchased Computer Equipment For Your Business In 2009?

The 2009 budget introduced a new capital cost allowance pool providing a 100% write off of certain computer equipment if purchased after January 27, 2009 but before February 1, 2011. Please highlight to us any equipment that falls into this category.

Tax Free Savings Account (TFSA)

Due to the late introduction of the TFSA for the 2008 taxation year, many financial institutions were forced to establish the paperwork for these accounts prior to the details having been fully confirmed by the CRA. As a result, we encourage you now to re-visit any TFSA's previously established to ensure that a spousal beneficiary has been added/listed where possible. These accounts can continue to enjoy a tax free status to a surviving spouse IF a beneficiary is named.

Going Green

Please note that you may request e-mail format or opt out of our newsletter mailing list at any time. Please contact Sheila Defalco at 613-727-7474 x32 or sheila.defalco@ppl-ca.com for more information. We are also polling a selection of clients to determine the interest in receiving electronic copies of tax returns (via DVD/CD) vs. the paper copy. If you have any comments, please feel free to contact Sheila in this regard; many thanks to those of you who have already offered us feedback.

Happy Holidays!

Once again, we have decided to make a charitable contribution to a worthy organization in lieu of sending Christmas cards this year. Last year's recipients included the Ottawa Hospital Foundation and the United Way. We would therefore like to take this opportunity to extend our sincere thanks to you for your business in the past year. We wish you and your families a wonderful holiday season and look forward to meeting and doing business with you again in the coming year.

Don't forget to watch for our annual personal tax checklists and budget updates in the New Year!

As always, please do not hesitate to contact us at any time.

Best wishes,

The Partners and Staff at Parker Prins Lebano